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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

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Ex parte JAY S. WALKER, JAMES A. JORASCH, DEAN ALDERUCCI,
STEPHEN C. TULLEY, and PETER KIM

———————

Appeal 2009-003372
Application 09/679,186
Technology Center 3700

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Decided: September 9, 2009

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Before LORA M. GREEN, RICHARD M. LEBOVITZ, and
MELANIE L. McCOLLUM, *Administrative Patent Judges*.

LEBOVITZ, *Administrative Patent Judge*.

DECISION ON APPEAL

     This is a decision on the Patent Applicants' appeal from the Patent

Examiner's rejections of claims 40-74 under 35 U.S.C. §§ 112 and 103.

Jurisdiction for this appeal is under 35 U.S.C. § 6(b). We reverse the

rejections.

STATEMENT OF THE CASE

The claims are directed to methods and systems for playing an

electronic scratch-off lottery ticket game. According to the Specification:

> [M]any people enjoy playing "scratch-off" style instant lottery
> games. In this type of game, a player purchases a paper game
> ticket for a fixed price . . . . The player uncovers a portion of the
> game ticket, such as by scratching off a coating of latex, to
> reveal one or more symbols (*e.g.*, revealing three symbols each
> representing a potential payout amount). Based on the revealed
> symbols, the player is able to determine a payout amount, if
> any, associated with the game ticket.

(Spec. 2:5-11.)

The Specification describes systems and methods of playing an

electronic lottery ticket game, where an electronic ticket is sold to a player

and its payout amount is stored on a device, rather than on the covered

portion of a paper "scratch-off" lottery ticket (Spec. 3-4). The game

involves storing the payout information on a player device, a merchant

device receiving an indication of an item that the player is interested in

winning, and then "[i]f the price associated with the" item "is within a

predetermined range of the payout amount," arranging for the player to

receive the item (Spec. 3:15-29; claim 40).

All pending claims 40-74 stand rejected as follows:

    • Claims 40, 69, 70, 73, and 74 under 35 U.S.C. § 112, first paragraph,

as claiming subject matter which was not described in the Specification

(Ans. 3); and

    • Claims 40-74 under 35 U.S.C. § 103(a) as obvious in view of

Schneier et al. (US 5,871,398, issued Feb. 16, 1999) and Nguyen (US

6,857,959 B1, issued Feb. 22, 2005) (Ans. 5).

Claim 40 is representative of the rejected claims and reads as follows:

40. A method comprising:

receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player;

receiving from the player an indication, after receiving the total payout amount information and wherein the total payout amount has not been disclosed to the player, of an item that the player is interested in winning;

determining a value of the item; and

arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

WRITTEN DESCRIPTION REJECTION

Claims 40, 69, 70, 73, and 74 stand rejected under 35 U.S.C. § 112, first paragraph, as claiming subject matter which was not described in the Specification (Ans. 3).

Statement of the Issue

Claim 40 is directed to a four step method in which 1) "total payout amount" is received from a device; 2) after receiving the "total payout amount" from the device, the player indicates an item that the player is interested in receiving "wherein the total payout amount has not been disclosed to the player"; 3) the value of the item is determined; and 4) arranging for the player to receive the item "based on whether the total payout is within a defined range" of the item's value. Claims 69, 70, 73, and 74 are similar and contain the same step 2) (or instructions for performing it) in which player indicates an item that the player is interested in winning.

The Examiner interpreted the phrase "total payout amount" to mean the amount actually won by a player. Based on this interpretation, the Examiner found that the second step of the claimed method was not described in the Specification.

Appellants assert that the Examiner's interpretation of "total payout amount" was erroneous and that "the application as filed provides clear support for the claim language." (App. Br. 17.)

Therefore, the issue in this rejection is whether Appellants have established that the Examiner erred in his interpretation of claim 40 and in rejecting the claim as lacking a description in the Specification.

Principles of Law

During patent examination proceedings, claim terms are given "the broadest reasonable meaning . . . in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in the applicant's specification." *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

The Specification

1.[1] According to the Specification, "a 'total payout amount' represents an amount of money that a player wins with respect to a total number of events." (Spec. 8:4-5.)

2. "As used herein, an 'outcome amount' may be, for example, a total payout amount or an event payout amount." (Spec. 8:8-9.)

3. "[A] player may have previously purchased twenty electronic instant lottery tickets (*e.g.*, twenty game events) for $20. The outcomes associated with those twenty lottery tickets may have then been stored on his or her

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[1] The numbered paragraphs throughout this Decision are findings or conclusions of fact ("F").

PDA (without being revealed to the player)." (Spec. 10:24-27.) In this case, where each ticket is purchased for $1 (20 tickets for $20), the "outcomes" would be the stored winning value of each card, such as $0, $1, $0, $5, and $2 (*id.* at col. 11, ll. 9-14) when electronically scratched-off.

4.

> The game event outcome may be determined, for example, by determining a payout amount associated with the game event. Such a determination may be based on, for example, an expected value associated with the game event, a wager amount (*e.g.*, an event, wager amount and/or a total wager amount), a pre-stored outcome (*e.g.*, pre-stored on the player's PDA), a received outcome . . .

(Spec. 10:31 to 11:2).

5.

> [T]he player transmits a request to receive an item in exchange for one or more game event outcomes to a merchant device. The merchant device may then determine a price associated with the item . . . and compare that price with a payout amount associated with the game event or events. If the price is within a predetermined range of the payout amount, the item is provided to the player.

(Spec. 12:13-18.)

6.

> The kiosk communicates this request to a lottery provider and receives an indication from the lottery provider that the twelve lottery tickets are associated with a total payout amount of $10. The kiosk compares this amount with a minimum acceptable price of $12 associated with the CDs and indicates to the player that he did not win the CDs.

(Spec. 14:26-29.)

7. An example is described in the Specification in which a player purchases lottery tickets, the outcomes of the lottery tickets are stored on the device (a

"PC" or personal computer), and then the player indicates an item the player
is interested in winning (Spec. 13: 18-32).

<div align="center">Analysis</div>

The Examiner took the position that the claimed step of "receiving
from the player an indication, after receiving the total payout amount
information and wherein the total payout amount has not been disclosed to
the player, of an item that the player is interested in winning" is not
described in the Specification as filed. According to the Examiner, the "total
payout amount" is properly interpreted to mean the total value the player
"wins" after the merchant has decided to accept the total amount of
outcomes on the lottery tickets in exchange for a selected item. (Ans. 3-4.)
Therefore, the Examiner concluded its "impossible" for the device to receive
"information regarding a total payout amount" before the player makes the
"indication . . . of an item that the player is interested in winning" as recited
in claim 40. (Ans. 4.) The Examiner reached his interpretation of "total
payout amount" from its definition in the Specification on page 8, lines 4-5
(*id.*). Because Appellants dispute the Examiner's interpretation, we must
first address the proper meaning of the phrase "total payout amount" as it
would be understood by persons of ordinary skill in the art having read the
Specification.

Claim interpretation

The Specification describes several examples of how the claimed
invention works. For instance, a player is described who purchases twenty
electronic "scratch-off" lottery tickets for $1 each, totaling $20 (FF3).
Without being revealed to the player, the "outcome" of each ticket is stored

on the player's device (*id*.) Next, the "game event outcome" is ascertained "by determining a *payout amount* associated with the game event." (FF4; emphasis added.) "Such a determination may be based on, for example, an expected value associated with the game event, a wager amount . . . , a *pre-stored outcome* (*e.g*., pre-stored on the player's PDA), a received outcome" (*id*; emphasis added).   Thus, the Specification expressly describes an embodiment in which the "payout amount" is equivalent to the ticket amount which is "pre-stored" on the player's device. In other words, the "total payout amount" is not limited to the actual value won after the game has been decided (as asserted by the Examiner), but can correspond to the winning amount of the lottery ticket as directly stored on the player's device.

   In another example, the Specification describes a player who indicates to a merchant device an item the player is interested in receiving (FF5). The merchant device "may then determine a price associated with the item . . . and compare that price with a payout amount associated with the game event or events." (*Id*.)   "If the price is within a predetermined range of the payout amount, the item is provided to the player." (*Id*.) In this example, the "payout amount" is equal to the sum of the "scratch-off" amounts of each purchased ticket. Based on the summed amount, the merchant makes the determination of whether to award the player with the item. The "payout amount" is therefore not the "win" after the merchant's decision, but rather the total amount of each lottery ticket as initially stored on the player's device. *See also* FF 6 & 7.

   In sum, the interpretation of "total payout amount" to mean the lottery ticket outcome or value as read into the player's device is not inconsistent with its definition on page 8, lines 4-5, as the Examiner contends it is. The

Specification states that "a 'total payout amount' represents an amount of money that a player wins with respect to a total number of events." (Spec. 8:4-5; FF1). It is not evident from this single sentence whether the term "wins" refers to the ticket value "stored on the device" or to the amount actually awarded by the merchant as asserted by the Examiner. However, in the same paragraph, it is stated that "an 'outcome amount' may be, for, example, a total payout amount or an event payout amount." (Spec. 8:8-9; FF2.) When an "outcome amount" is "total payout amount," persons of ordinary skill in the art would have reasonably understood it to mean the ticket outcomes stored on the player's device. For example, as stated in the Specification, a "player may have previously purchased twenty electronic instant lottery tickets (*e.g.*, twenty game events) for $20. The *outcomes* associated with those twenty lottery tickets may have then been *stored on his or her PDA* (without being revealed to the player)." (FF3; emphasis added.)

Written description

     We do not find the Examiner's interpretation of "total payout amount" to be supported by the evidence from the Specification. Rather, the Specification supports an interpretation of "total payout amount" to mean the value of each lottery ticket as stored on a device. The Specification describes storing this information on a PC and then the player indicating an item that player wants to win (FF7). Therefore, the Specification expressly describes "receiving from the player an indication, after receiving the total payout amount information . . . , of an item that the player is interested in winning." For this reason, we conclude that the Examiner erred in rejecting claim 40 for lack of written description.

OBVIOUSNESS REJECTION

Claims 40-74 stand rejected under 35 U.S.C. § 103(a) as obvious in view of Schneier and Nguyen (Ans. 5).

Statement of the issue

The Examiner found that Schneier describes the first step of the method recited in claim 40 and that Nguyen describes the remaining steps of the claimed method. The Examiner contends that it would have been obvious to persons of ordinary skill in the art to have combined the methods described in the Schneier and Nguyen patents to increase revenues and player interest.

Appellants contend that Nguyen does not "cure the deficiencies" of the Schneier patent (App. Br. 43) and does not describe certain key limitations in claim 40, including "arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item."

The issue in this appeal is whether Appellants established that the Examiner erred in finding the latter limitation – the last recited step of claim 40 – to have been met by the Nguyen patent.

Scope and content of the prior art

The Schneier patent

8. Schneier describes a remote lottery system which "enables players to purchase instant-type lottery game outcomes from a randomized prize data stream in a central computer, and view the outcomes on" remote computers "which do not require an on-line connection during play." (Abstract.)

9. A central management computer (CMC) has a record of ticket outcomes for each ticket purchased by a player.

10. When tickets are purchased by a player, the ticket outcomes are transferred from the CMC to the player's HTV, which is the device that enables the player to play the game. (Col. 5, l. 59 to col. 6, l. 15.)

11. The outcomes are not revealed to the player until a game is played. (Col. 6, ll. 15-20.)

The Nguyen patent

12. Nguyen describes a gaming machine for a storing a list of one or more prizes and a prize selection mechanism that allows a user to select prizes associated with a game outcome. (Col. 3, ll. 10-17.)

13. Process selection is made by a player before game play. (Col. 7, ll. 30-31; col. 15, ll. 3-24.)

14. As show in Nguyen's Figure 2, a player who makes a certain value wager (e.g., between 20-30 credits), is allowed to select a certain prize displayed for that wager amount. (Col. 8, ll. 1-60.)

15. Nguyen describes an embodiment in which a prize server is connected to a prize fulfillment center. (Col. 12, ll. 20-21.)

16. When "a player wins a specific prize on the gaming machine . . . , the prize information is sent from the gaming machine to the prize server" (col. 12, ll. 21-23).

17. "The purpose of the prize fulfillment center is to acquire and transfer the prize won by the player to the player." (Col. 12, ll. 25-27.)

Differences between the claimed invention and the prior art

18. Claim 40 is directed to a four step method in which 1) "total payout amount" is received by a device without having been disclosed to the player; 2) after receiving the "total payout amount," the player indicates a item that the player is interested in receiving; 3) the value of the item is determined; and 4) arranging for the player to receive the item "based on whether the total payout is within a defined range of the value of the item."

19. The Examiner found the Schneier describes the first step claim 40 of "receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to a player." (Ans. 5; FF8-11.)

20. The Examiner acknowledged that Schneier does not describe steps 2) through 4) of the claimed method, but found that Nguyen describes such steps and that it would have been obvious to persons of ordinary skill in the art "to combine the lottery system of Schneier et al. with the prize selection gaming system of Nguyen to increase revenues and player interest by providing players with a gaming system that allows the player to select the prizes that may be won where the odds of winning the prize are a function of the prize selected." (Ans. 6.)

Analysis

The issue before us in this rejection is whether Nguyen's gaming system describes the step of claim 40 of "arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item." The Examiner found that Nguyen's description of a prize server and a prize fulfillment center at column 12, lines 20-33 meets

the limitations of this step (Ans. 6 & 10). Appellants challenge the Examiner's finding.

As recited in claim 40, the player receives a selected item "based on whether the total payout amount is within a defined range of the value of the item." The "total payout" as we have interpreted it corresponds to the winning value of the lottery tickets stored on the player device. In Nguyen, a prize is chosen by a player. If the player wins the game, the prize information is sent to fulfillment center to transfer the prize to the player. There is no description in Nguyen of a player receiving the prize when the "total payout amount" is "within a defined range of the value of the item" as recited in the claim. Other than point to Nguyen's description of a prize server and fulfillment center, the Examiner does not explain how winning a prize based on a game's outcome is the same as, or reasonably suggests, awarding an item "based on . . . a defined range of the value of the item." Nguyen does not describe matching a *total payout amount* to the *value of an item* in order to determine whether the player is to receive the item.

Because the Examiner has not met the evidentiary burden for establishing that the claim limitation is taught by the combination of Schneier and Nguyen, we are compelled to reverse the rejection.

CONCLUSION OF LAW

The Specification describes "receiving from the player an indication, after receiving the total payout amount information . . . , of an item that the player is interested in winning." For this reason, we conclude that the Examiner erred in rejecting claim 40 for lack of written description. The written description rejection of claims 40, 69, 70, 73, and 74 is reversed.

The Examiner has not met the evidentiary burden for establishing that the claim limitation "arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item" is met by the combination of Schneier and Nguyen. The obviousness rejection of claims 40-74 is reversed.

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REVERSED

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